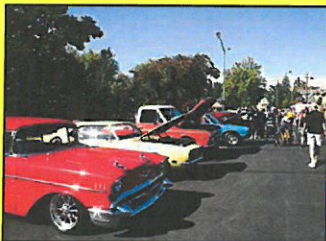
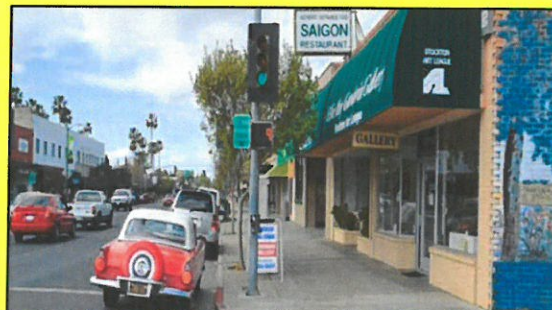
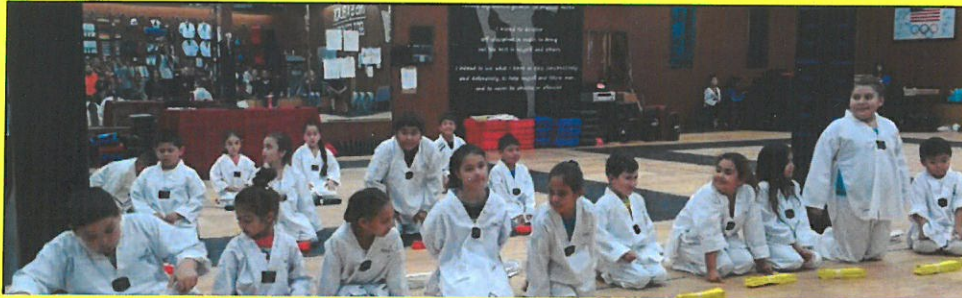
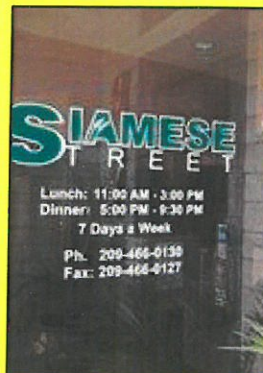
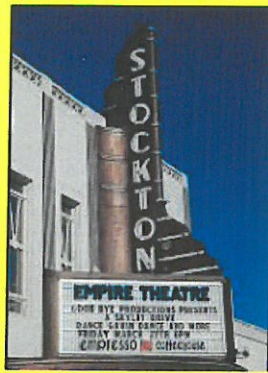


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2018 - 2022



# MIRACLE MILE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN AND ENGINEER'S REPORT

*Prepared pursuant to the Property and Business Improvement District Law of  
1994, Streets and Highways Code Section 36600 et seq.*

August 23, 2017



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## I. OVERVIEW

The Miracle Mile Property and Business Improvement District (MMPBID) is a benefit assessment district whose main goal is to provide improvements and activities which constitute and convey a special benefit to assessed parcels. The MMPBID was formed in 2008 for a five (5) year term and renewed in 2013 for another five (5) year term. Property owners now wish to renew the MMPBID for an additional five (5) year term from January 1, 2018 to December 31, 2022.

**Location:** The renewed MMPBID shall include those commercial parcels in the Pacific Avenue area from Alpine Avenue on the north to Harding Way on the south, and all commercial parcels that front Harding Way between Lincoln Street on the west and North El Dorado Street on the east, as shown on the map in Section IV.

**Purpose:** The purpose of the MMPBID is to provide activities and improvements which constitute and convey a special benefit to assessed parcels. The MMPBID will provide enhanced maintenance, safety and security, marketing and promotions, and related administration directly and only to assessed parcels within its boundaries.

**Budget:** The MMPBID annual assessment budget for the initial year of its five (5) year term of operation is anticipated to be \$221,380.08. The annual budget may fluctuate as parcel classifications change but assessment rates will not increase during the five-year term. The assessment funds will be supplemented by non-assessment funds (such as grants, voluntary membership, and event income) and used as designated by such funding sources, so that the total budget for the initial year is estimated at \$261,425.78.

**Cost:** The assessment rate (cost to the parcel owner) is based on benefit zone, building square footage, and parcel square footage. The initial annual rate to each parcel is shown in the table below. Assessment rates will not be subject to an increase over the five-year term.

Benefit Zone	Initial Assessment Rate	
	Commercial	School
	Building Sq. Ft. + Parcel Sq. Ft.	Building Sq. Ft.
Zone 1	\$0.1276	\$0.1276
Zone 2	\$0.0622	\$0.0622
Zone 3	\$0.1021	\$0.1021

**Renewal:** MMPBID renewal requires submittal of petitions from property owners representing more than 50% of the total assessment. The "Right to Vote on Taxes Act" (also known as Proposition 218) requires a ballot vote in which more than 50% of the ballots received, weighted by assessment, be in support of the MMPBID.

**Duration:** The MMPBID will have a five (5) year life, beginning January 1, 2018 through December 31, 2022. Near the end of the term, the petition, ballot, and City Council hearing process must be repeated for the MMPBID to again be renewed.

**Management:** The Miracle Mile Improvement District (MMID), a 501(c)(6) nonprofit organization, will continue to serve as the Owners' Association for the MMPBID. In accordance with the MMID bylaws, directors shall be elected by assessed property owners.



## II. BACKGROUND

The International Downtown Association estimates that more than 1,500 Property and Business Improvement Districts (PBIDs) currently operate throughout the United States and Canada. PBIDs are a time-tested tool for property owners who wish to come together and obtain collective services which benefit their properties.

PBIDs provide supplemental services in addition to those provided by local government. They may also finance physical and capital improvements. These improvements and activities are concentrated within a distinct geographic area and are funded by a special parcel assessment. Services and improvements are only provided to those who pay the assessment.

Although funds are collected by the local government, they are then directed to a private nonprofit. The nonprofit implements services and provides day-to-day oversight. The nonprofit is managed by a Board of Directors representing those who pay the assessment, to help ensure the services meet the needs of property owners and are responsive to changing conditions within the PBID.

PBIDs all over the globe have been proven to work by providing services that improve the overall viability of commercial districts, resulting in higher property values, lease rates, occupancy rates, and sales volumes.

The MMPBID has been formed and will be renewed pursuant to a state law that took effect in January of 1995. The “Property and Business Improvement District Law of 1994,” which was signed into law by Governor Pete Wilson, ushered in a new generation of Property and Business Improvement Districts in California. Key provisions of the law include:

- Allows a wide variety of services which are tailored to meet specific needs of assessed properties in each individual PBID;
- Requires property owner input and support throughout the formation process;
- Requires written support on both a petition and ballot from property owners paying 50% of proposed assessments;
- Allows for a designated, private nonprofit corporation to manage funds and implement programs, with oversight from property owners and the City;
- Requires limits for assessment rates to ensure that they do not exceed the amount owners are willing to pay; and
- Requires the PBID be renewed after a certain time period, making it accountable to property owners.

The “Property and Business Improvement Business District Law of 1994” is provided in Appendix 1 of this document.

### III. ACCOMPLISHMENTS

The MMID Board and Executive Director have worked proactively to build community partnerships over the past ten years, which have resulted in:

- \$604,000 for Harding Way improvements to begin fall 2017;
- Crosswalk improvements scheduled for 2018;
- Two improved San Joaquin County Regional Transit District bus stops;
- Two beautifully landscaped medians on Pacific Avenue;
- Reduced speed limit in the pedestrian heavy area;
- Additional street trees added on Pacific Avenue and Harding Way;
- Facilitated removal of three pay phones in the district;
- Hired teens through Worknet to paint curbs, street lights, fire hydrants, and bollards;
- In partnership with the University of the Pacific placed street banners throughout the district to identify the MMID;
- Added eight additional public trash cans;
- Re-paved and landscaped three City of Stockton owned parking lots;
- Increased dedicated patrols from the Stockton Police Department and future plans for traffic signal upgrades in 2017;
- Negotiated costs for increased maintenance hours (daily graffiti removal, daily litter abatement, monthly pressure washing, etc.); and
- Increased security patrol (averaging 96+ hours weekly) **without an increase to MMPBID assessments.**

The MMID has acted on assessed property owners' behalf to recruit businesses for Economic Development, to protest against detrimental land uses such as liquor stores that would decrease property values, and participate in public policy and general plan discussions within the greater community so that the MMPBID has a voice.

The MMID has been successful in establishing standards for cleanliness and security that make business owners, residents and visitors feel welcome and safe. They aggressively promote the area as a destination, partner with organizations that create special events to attract new visitors, and actively advocate for property owners. In addition, the MMID in concert with the surrounding community successfully advocated against the closure of the local post office and the opening of two proposed liquor stores.

These improvements could not have happened without the collective group of property owners that support the MMPBID. Property owners pool their resources together and advocate for MMPBID-wide services that effect positive change for properties.

In order to ensure a voice for the MMPBID and continued success for property owners, owners must reinvest in the future and secure the long-term viability of this area by renewing the MMPBID.





## V. SERVICE PLAN & BUDGET

### A. Improvements and Activities

The MMPBID will continue to provide supplemental improvements and activities that are above and beyond those provided by the City and other government agencies. None of the services to be provided by the MMPBID are provided by the City or other government agencies. The City of Stockton has established a “Baseline Services Agreement” with the MMID (Appendix 4) to maintain the current level of services within the MMPBID, and will continue to provide said baseline services under the renewed MMPBID. The improvements and activities will be provided directly and only to assessed parcels; they will not be provided to parcels that are not assessed. Each and every service is unique to the MMPBID, thus the benefits provided are particular and distinct to each assessed parcel.

#### 1. Enhanced Maintenance

The top priority for Miracle Mile property owners is enhanced maintenance. The MMPBID enhanced maintenance program will continue to provide contracted services to power-wash sidewalks, remove gum, illegal signs, and stickers, collect and remove trash from public trash containers, remove graffiti, collect and dispose of litter, clean public parking lots, remove illegal dumping items, and to provide seasonal watering services of public landscape where irrigation is nonexistent. The MMPBID shall also continue to assist in District beautification by planting seasonal flowers in tree wells, and replacing missing or dying trees and shrubs when budget allows. The MMPBID shall continue to work with local organizations to enhance and maintain these plantings, including the trimming of trees and bushes and weeding of planters. A clean environment is very important to attract guests and potential businesses to the MMPBID.

The MMPBID will work with the City of Stockton, existing organizations, and service contractors to revitalize existing street furnishings (trash cans, streetlights, bollards, etc.) and to supply furnishings where they are needed.

The proposed maintenance service frequencies are provided below, actual frequency may vary depending on actual cost estimates to provide these services:

SERVICE GOALS	FREQUENCY		
	Zone 1	Zone 2	Zone 3
Power-washing sidewalks, gum and sticker removal	6x/year	1x/year	4x/year
Trash removal	5x/week	1x/week	5x/week
Graffiti removal	5x/week as needed	5x/week as needed	5x/week as needed
Litter removal and weeding services: provided by SUSD workability program	Per SUSD school calendar	Per SUSD school calendar	Per SUSD school calendar
Watering	3x/week	1/week	3x/week
Planting	When budget allows	When budget allows	When budget allows
Street furnishings replacement/improvement	Year round	Year round	Year round

## **2. Marketing & Promotions**

The second priority for Miracle Mile property owners is marketing and promoting the Miracle Mile as a destination for the shopping, dining, entertainment, and educational needs of the community. The marketing and promotions program will aim to improve the overall business image of the District with the goal of attracting and retaining businesses, jobs and investment, and creating entertaining activities to engage the public. Included in marketing and promotions are joint-advertising opportunities, activities to draw the public to the Mile, an organizational website (Stocktonmiraclemile.com), a Facebook page for constant connection and advertising, an annual report, brochures and flyers, identification street banners, and sponsorship of related activities and events that will benefit the District's image. Additionally, the MMPBID will continue to provide the façade reimbursement fund, which provides a small reimbursement fund for merchants who improve the front façade of their buildings which improves the overall image of the District as a whole.

## **3. Safety & Security**

The third priority for Miracle Mile property owners is to provide a safe environment for businesses, employees, and guests. The MMPBID safety and security program will supplement local law enforcement agencies by providing contracted security personnel during peak hours as determined by monthly security reports. Security schedules will vary by day, week, and month based on reported activity or scheduled events within the District. The program will assist in the prevention of break-ins, assaults, graffiti tags and disruptive street behavior. Additionally, the security personnel will be available to escort guests and employees to their vehicles in the evening hours on a call-in basis.

The MMPBID will develop a security plan with the Zone 1 and 3 property owners and businesses to decrease unfavorable activity along the southern portion of the District. The MMPBID will continue to partner and work cooperatively with the University of the Pacific in providing security services to Zone 2. The MMPBID will continue the supplemental security program to place a security officer on Harding Way to thwart panhandling and loitering activities. The MMPBID will continue a "No Loitering" campaign and a "No Panhandler" campaign with the merchants to discourage MMPBID guests from contributing to panhandlers.

## **4. Administration & Advocacy**

The administration portion of the budget will be utilized for administrative costs associated with providing District improvements and activities. Those costs may include Executive Director salary, rent, telephone charges, legal fees, accounting fees, postage, insurance, other general office expenses, and City and County administration costs. The Executive Director will continue to provide staff services to the Board of Directors; manage the budget and bookkeeping of the organization; maintain the records of the organization; oversee the contracts for District services; manage the District website; oversee advertising, promotions, and events; assist property owners with issues related to enhancement of the District's image; be an advocate to the community for the MMPBID; and act as official liaison to the City of Stockton, the University of the Pacific, Stockton Unified School District, and other organizations and agencies.

## **5. Contingency/Reserve**

The MMPBID annual budget includes a contingency line item to account for uncollected assessments, if any, as well as other emergencies as determined by the MMID Board of Directors. If there are contingency funds collected, they may be held in a reserve fund or utilized for other

program, administration or renewal costs at the discretion of the MMID Board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the MMID Board.

#### **6. MMPBID Renewal Fund**

The MMPBID annual budget includes a line item to provide funds for the proposed renewal of the MMPBID every five (5) years. A set amount is dedicated to this fund to cover the costs associated with renewal.

#### **B. Annual Budget**

A proposed projected five (5) year budget for the MMPBID is provided below. The overall budget shall remain consistent with this Plan. In the event of a legal challenge, assessment funds may be used to defend the MMPBID. The annual budget is based on the following assumptions and guidelines:

1. The cost of providing improvements and activities may vary depending upon the market cost for those improvements and activities. Expenditures may require adjustment up or down to continue the intended level of improvements and activities. The MMID Board shall annually have the ability to re-allocate up to fifteen percent (15%) of the budget allocation by line item within the budgeted categories. Any change will be approved by the MMID and submitted with the Annual Report.
2. Funds not spent in any given year may be rolled over to the next year.
3. The assessment rate will not be subject to an increase over the five (5) year term of the MMPBID.
4. Each budget category includes all costs related to providing that service, in accordance with Generally Accepted Accounting Procedures (GAAP). For example, the safety and security budget includes the cost of staff time dedicated to overseeing and implementing the safety and security program. Staff time dedicated purely to administrative tasks is allocated to the administration and advocacy portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories, as appropriate in accordance with GAAP. The staffing levels necessary to provide the services below will be determined by the MMID Board on an as-needed basis.

#### **C. Year One Total Budget**

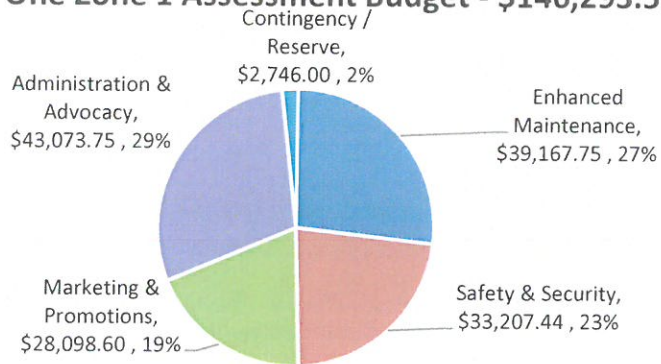
The estimated total budget for the initial annual operation is \$261,425.78 of which \$221,380.08 will be funded by property assessments. In addition to the assessment revenue, the programs will be supplemented by non-assessment funds. The total of non-assessment and assessment funds, and the determination of special and general benefit, are included in the Engineer's Report. An illustration of the estimated total budget allocations for each budget category for the five (5) year renewal term is shown on the following page. Non-assessment funds are discretionary and may be shifted between budget categories as needed by the MMID.

#### **D. Year One Assessment Budget by Zone**

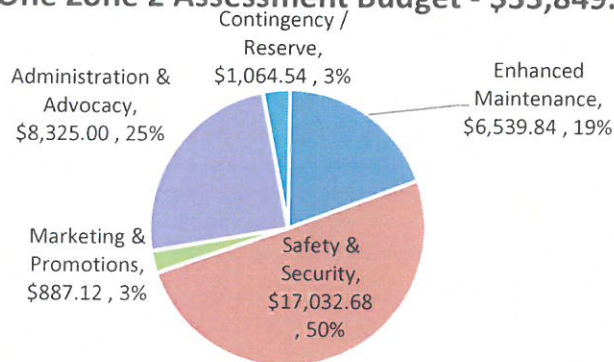
The portion of each zone's budget funded by the assessment is shown on the following charts. These allocations shall remain generally the same, except that the MMID Board has the authority to adjust allocations between categories by up to fifteen percent (15%) of the total assessment budget each year as needed.



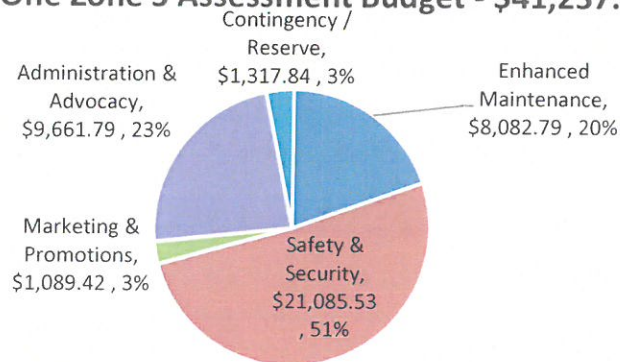
### Year One Zone 1 Assessment Budget - \$146,293.53



### Year One Zone 2 Assessment Budget - \$33,849.18



### Year One Zone 3 Assessment Budget - \$41,237.37



**E. Zone Budgets**

Funds may only be spent on improvements and activities provided in the zone from which the funds were derived. The budget for \$221,380.08, broken down by zone, is below.

	Enhanced Maintenance	Safety & Security	Marketing & Promotions	Admin. & Advocacy	Contingency/ Reserve	<b>TOTAL</b>
Zone 1	\$39,167.75	\$33,207.44	\$28,098.60	\$43,073.75	\$2,746.00	<b>\$146,293.53</b>
Zone 2	\$6,539.84	\$17,032.68	\$887.12	\$8,325.00	\$1,064.54	<b>\$33,849.18</b>
Zone 3	\$8,082.79	\$21,085.53	\$1,089.42	\$9,661.79	\$1,317.84	<b>\$41,237.37</b>
<b>TOTAL</b>	<b>\$53,790.37</b>	<b>\$71,325.64</b>	<b>\$30,075.14</b>	<b>\$61,060.54</b>	<b>\$5,128.39</b>	<b>\$221,380.08</b>

## VI. GOVERNANCE

### A. Owners' Association

The District shall be governed by the Miracle Mile Improvement District nonprofit corporation, with oversight from the Stockton City Council. The Miracle Mile Improvement District shall serve as the Owners' Association described in the Streets and Highways Code §36651. The Board of Directors of MMID and its staff are charged with the day-to-day operations of the MMPBID.

A majority of the Board of Directors of the Miracle Mile Improvement District must be parcel owners paying the assessment. In addition, the Board of Directors must represent a variety of interests within the MMPBID and respond to the needs of all properties within the MMPBID.

### B. Brown Act & Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association (MMID) is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association must act as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the MMID Board of Directors and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act.

### C. Annual Report

The MMID shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). Copies of the annual report will also be forwarded to the property owners as requested. The annual report details the past year's accomplishments and is a prospective report for the upcoming year and must include:

1. Any proposed changes in the boundaries of the MMPBID or in any benefit zones or classification of property within the district;
2. The improvements, maintenance, and activities to be provided for that fiscal year;
3. The estimated cost of providing the improvements, maintenance, and activities to be provided for that fiscal year;
4. The method and basis of levying the assessment in sufficient detail to allow each real property owner to estimate the amount of the assessment to be levied against his or her property for that fiscal year;
5. The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year; and
6. The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this Plan.



## VII. ENGINEER'S REPORT

The District's parcel assessments will be imposed in accordance with the provisions of Article XIII D of the California Constitution. Article XIII D provides that "only special benefits are assessable,"<sup>1</sup> and requires the City "separate the general benefits from the special benefits conferred on a parcel."<sup>2</sup> Special benefits are a "particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public-at-large."<sup>3</sup> Conversely, a general benefit is "conferred on real property located in the district or to the public-at-large."<sup>4</sup> Assessment law also mandates that "no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."<sup>5</sup>

The Engineer determined the total cost of the improvements and activities, quantified the general benefit accruing to the public-at-large and parcels adjacent to and within the District, and separated that amount from the special benefit accruing to the assessed parcels. Then, the Engineer determined the proportionate special benefit derived by each parcel and allocated the cost of the improvements and services accordingly. The Engineer's determinations and detailed calculations are summarized in this report.

### A. Separation of General and Special Benefits

Each of the improvements and activities, and the associated costs and assessments within the District, were reviewed, identified, and allocated based on special and general benefits pursuant to Article XIII D of the California Constitution. The assessment has been apportioned based on the proportional special benefits conferred to the assessed parcels located within the District boundaries as determined below.

#### 1. General Benefits

Unlike special benefits, which are conferred directly and only upon assessed parcels, a general benefit is conferred on the general public or non-assessed parcels. Existing City and other public services, which are provided to every person and parcel, everywhere within the City, are an example of a general benefit. Although the District's boundaries have been narrowly drawn and programs have been carefully designed to provide special benefits, and activities and improvements will only be provided directly to assessed parcels, it is acknowledged that there will be general benefits as a result of the District's activities and improvements.

The California Constitution mandates that "only special benefits are assessable, and an agency shall separate the general benefits from the special benefits."<sup>6</sup> "Generally, this separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits."<sup>7</sup> The first step that must be undertaken to separate general and special benefits provided by the District's activities and improvements is to identify and quantify the general benefits. There are two bodies who can receive general benefits: the public-at-large within the District, and non-assessed parcels within and surrounding the District.

<sup>1</sup> Cal. Const., art. XIII D, §4(a)

<sup>2</sup> Cal. Const., art. XIII D, §4(a)

<sup>3</sup> Id., §2(i)

<sup>4</sup> Cal. Const., art. XIII D §2(i)

<sup>5</sup> Cal. Const., art. XIII D, §4(a)

<sup>6</sup> Cal. Const., art. XIII D §4(a)

<sup>7</sup> *Golden Hill Neighborhood Association v. City of San Diego* (2011) 199 Cal.App.4th 416

### General Benefit to the Public-at-Large

Although the programs are narrowly designed and carefully implemented to benefit the assessed parcels, and only provided directly to assessed parcels, they will generate a general benefit to the public-at-large within the District. State law indicates that “Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed.”<sup>8</sup> However, “the mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.”<sup>9</sup> Further, “the value of any incidental or collateral effects that arise from the improvements, maintenance or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.”<sup>10</sup> Thus, although there may be some incidental benefit to persons using the assessed parcels, that incidental benefit is not considered general benefit because it is inherently produced by activities that provide special benefits to the assessed parcels.

Surveys conducted in similar districts have found that approximately 97.3% of pedestrian traffic within PBID boundaries is engaged in business on assessed parcels within the District, while approximately 2.7% is simply passing through<sup>11</sup>. The 2.7% of traffic passing through does not have any connection to the assessed parcels, and therefore does not represent a special benefit to the assessed parcels. The 2.7% will, however, receive a derivative and indirect general benefit as a result of the activities and improvements being provided in the District that they are passing through. Therefore, it is estimated that 2.7% of the benefit created by the District’s services is provided to the public-at-large. To ensure that the assessment dollars do not fund general benefits to the public-at-large, that portion of the cost of activities and improvements will be paid for with funds not obtained through assessments. Using the 2.7% figure, based on the initial year budget, the value of this general benefit to the public-at-large is \$7,058.50 ( $\$261,425.78 \times 0.027$ ).

### *Total General Benefit to the Public at Large*

To ensure that the assessment dollars do not fund general benefits to the public at large, that portion of the cost of activities and improvements attributable to general benefit to the public will be paid for with funds not obtained through assessments.

### General Benefit to Non-Assessed Parcels

Although they are only provided directly to the assessed parcels, the District’s activities and improvements may confer general benefits upon non-assessed parcels within and surrounding the District. One study examining property values in PBID areas found “no evidence of spill-over impacts (either good or bad) on commercial properties located just outside the BID’s boundaries;”<sup>12</sup> however, the California Court of Appeals has stated that “services specifically intended for assessed parcels concomitantly confer collateral general benefits to surrounding properties.”<sup>13</sup> It is reasonable to conclude that enhanced maintenance, safety and security, marketing and promotions, and advocacy and related administration activities and improvements within the District will have an impact on non-

<sup>8</sup> Streets and Highways Code section 36601(h)(2)

<sup>9</sup> Ibid

<sup>10</sup> Streets and Highways Code Section 36622(k)(2)

<sup>11</sup> Surveys conducted in: North Park, San Diego (January 2015); Mack Road, Sacramento (July 2014); and Sunrise MarketPlace, Citrus Heights (December 2013)

<sup>12</sup> Furman Center for Real Estate & Urban Policy; The Impact of Business Improvement Districts on Property Values: Evidence from New York City (2007) p. 4

<sup>13</sup> Beutz v. Riverside (2010) 184 Cal.App.4th 1516

assessed parcels immediately adjacent to or within the District boundaries. Although the legislature has indicated that “the value of any incidental or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall *not* be deducted from the entirety of the cost of any special benefit,”<sup>14</sup> the California Court of Appeals has noted that “the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement...or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement.” Those derivative and indirect impacts are considered general benefits and will be quantified and separated.<sup>15</sup> In this Engineer’s opinion, because activities and improvements are provided only within the District and on its perimeter, parcels separated from the District by at least one intervening parcel will not receive spill over benefits. Parcels separated by at least one intervening parcel will not benefit because they are physically removed from the actual location of services provided, and do not face serviced parcels.

As mentioned above, the total District service budget for the first year is \$261,425.78. After reducing the budget by the general benefit to the public (\$7,058.50), the remaining benefit to parcels is \$254,367.28. All parcels within and adjacent to the District have been assigned a benefit factor to mathematically represent the proportional special and general benefit and quantify the value of each. Since all assessed parcels within the District benefit from and receive all of the District’s services, they have been assigned a benefit factor of 1.0. Parcels adjacent to the District have been assigned benefit factors as described in detail below. Because the activities and improvements are provided along streets throughout the District, parcel square footage is an appropriate measure of the relative general benefit received by adjacent parcels and will be used in the below calculations by category for all parcels.

There are twelve (12) parcels within the District boundaries that are not assessed. Non-assessed parcels are described in Section B paragraph 4. These parcels have been assigned a benefit factor as defined in each category below.

#### *Enhanced Maintenance*

Enhanced maintenance activities will be provided directly and only to assessed parcels. Within the District boundaries, activities will be provided along both sides of each street, with parcels along each side receiving 50% of the benefit provided by the activities. Along the District perimeter, activities will only be provided to the side of the street that fronts assessed parcels within the District boundaries. It is, however, reasonable to conclude that parcels abutting the non-serviced side of the street will receive spill-over benefits.

Since parcels along each side of the street receive 50% of the benefit provided by the activities and improvements, and the non-assessed side of the street will not be serviced, it is our professional estimation that parcels adjacent to the District will receive one-half of the standard benefit, or one-quarter of the total benefit provided to similarly-zoned inside parcels ( $50\% \times 50\% = 25\%$ ). Based on this calculation, adjacent and non-assessed inside parcels would have a benefit factor of 0.25 ( $1.00 \times 25\%$ ).

The following table calculates the amount of benefit provided to parcels by the District enhanced maintenance activities and separates that benefit value between special benefits provided to the assessed parcels and general benefits indirectly received by adjacent parcels.

<sup>14</sup> Streets and Highways Code section 36622(k)(2)

<sup>15</sup> Tiburon v. Bonander (2009) 180 Cal.App.4th 1057, 1077



**Enhanced Maintenance**

<b>Location &amp; Use</b>	<b>Parcel Square Footage<sup>1</sup></b>	<b>Benefit Factor<sup>2</sup></b>	<b>Benefit Units<sup>3</sup></b>	<b>Benefit Percent<sup>4</sup></b>	<b>Benefit Value<sup>5</sup></b>	<b>Special Benefit</b>	<b>General Benefit</b>
Inside Commercial	1,403,265	1.00	1,403,265.00	61.36%	\$38,573.17	\$38,573.17	\$0.00
Inside School	553,591	1.00	553,591.00	24.21%	\$15,217.20	\$15,217.20	\$0.00
Inside Non-Assessed*	83,039	0.25	20,759.75	0.91%	\$570.65	\$0.00	\$570.65
Adjacent Commercial	347,301	0.25	86,825.25	3.80%	\$2,386.67	\$0.00	\$2,386.67
Adjacent School	0	0.25	0.00	0.00%	\$0.00	\$0.00	\$0.00
Adjacent Non-Assessed*	889,464	0.25	222,366.00	9.72%	\$6,112.43	\$0.00	\$6,112.43
<b>Subtotal</b>	<b>3,276,660</b>		<b>2,286,807.00</b>	<b>100.00%</b>	<b>\$62,860.12</b>	<b>\$53,790.37</b>	<b>\$9,069.75</b>

<sup>1</sup> Parcel Square Footage = The total square footage for each parcel location & use fronting a serviced street.

<sup>2</sup> Benefit Factor = The benefit ratio described in the paragraph above for each parcel location & use

<sup>3</sup> Benefit Units = The square feet multiplied by the benefit factor for each parcel location & use

<sup>4</sup> Benefit Percentage = The benefit units for each parcel location & use divided by the total benefit units for the District

<sup>5</sup> Benefit Value = The total Enhanced Maintenance budget less General Benefit to the Public-at-Large multiplied by the benefit percentage for each parcel location & use

\*Residential

*Safety & Security*

Safety and security activities will be provided directly and only to assessed parcels. Within the District boundaries, activities will be provided along both sides of each street, with parcels along each side receiving 50% of the benefit provided by the activities. Along the District perimeter, activities will only be provided to the side of the street that fronts assessed parcels within the District boundaries. It is, however, reasonable to conclude that parcels abutting the non-serviced side of the street will receive spill-over benefits.

Since parcels along each side of the street receive 50% of the benefit provided by the activities and improvements, and the non-assessed side of the street will not be serviced, it is our professional estimation that parcels adjacent to the District will receive one-half of the standard benefit, or one-quarter of the total benefit provided to similarly-zoned inside parcels (50% x 50% = 25%). Based on this calculation, adjacent and non-assessed inside parcels would have a benefit factor of 0.25 (1.00 x 25%).

The following table calculates the amount of benefit provided to parcels by the District safety and security activities and separates that benefit value between special benefits provided to the assessed parcels and general benefits indirectly received by adjacent parcels.

**Safety & Security**

<b>Location &amp; Use</b>	<b>Parcel Square Footage<sup>1</sup></b>	<b>Benefit Factor<sup>2</sup></b>	<b>Benefit Units<sup>3</sup></b>	<b>Benefit Percent<sup>4</sup></b>	<b>Benefit Value<sup>5</sup></b>	<b>Special Benefit</b>	<b>General Benefit</b>
Inside Commercial	1,403,265	1.00	1,403,265.00	61.36%	\$51,147.75	\$51,147.75	\$0.00
Inside School	553,591	1.00	553,591.00	24.21%	\$20,177.89	\$20,177.89	\$0.00
Inside Non-Assessed*	83,039	0.25	20,759.75	0.91%	\$756.67	\$0.00	\$756.67
Adjacent Commercial	347,301	0.25	86,825.25	3.80%	\$3,164.70	\$0.00	\$3,164.70
Adjacent School	0	0.25	0.00	0.00%	\$0.00	\$0.00	\$0.00
Adjacent Non-Assessed*	889,464	0.25	222,366.00	9.72%	\$8,105.04	\$0.00	\$8,105.04
<b>Subtotal</b>	<b>3,276,660</b>		<b>2,286,807.00</b>	<b>100.00%</b>	<b>\$83,352.05</b>	<b>\$71,325.64</b>	<b>\$12,026.41</b>

<sup>1</sup> Parcel Square Footage = The total square footage for each parcel location & use fronting a serviced street.

<sup>2</sup> Benefit Factor = The benefit ratio described in the paragraph above for each parcel location & use

<sup>3</sup> Benefit Units = The square feet multiplied by the benefit factor for each parcel location & use

<sup>4</sup> Benefit Percentage = The benefit units for each parcel location & use divided by the total benefit units for the District

<sup>5</sup> Benefit Value = The total Safety & Security budget less General Benefit to the Public-at-Large multiplied by the benefit percentage for each parcel location & use

\*Residential

### *Marketing & Promotions*

Unlike enhanced maintenance and safety and security, marketing and promotions activities are not provided via physical patrols or improvements within the District. Rather, the marketing and promotions activities are focused on increasing business sales, in an effort to increase occupancy and rental rates. Although the programs will only feature assessed parcels, it is reasonable to conclude that there will be a minor, derivative and indirect benefit to parcels adjacent to and non-assessed parcels inside the District. Because these services are highly focused, and are not physically provided along streets, it is our estimation that the adjacent and non-assessed inside parcels will receive a general benefit equal to ten percent (10%) of the standard benefit. Based on this estimation, adjacent and non-assessed inside parcels would have a benefit factor of 0.10 (1.00 x 10%).

#### **Marketing & Promotions**

<b>Location &amp; Use</b>	<b>Parcel Front Footage<sup>1</sup></b>	<b>Benefit Factor<sup>2</sup></b>	<b>Benefit Units<sup>3</sup></b>	<b>Benefit Percent<sup>4</sup></b>	<b>Benefit Value<sup>5</sup></b>	<b>Special Benefit</b>	<b>General Benefit</b>
Inside Commercial	1,403,265	1.00	1,421,015.00	67.18%	\$21,566.94	\$21,566.94	\$0.00
Inside School	553,591	1.00	553,591.00	26.50%	\$8,508.20	\$8,508.20	\$0.00
Inside Non-Assessed*	83,039	0.10	8,196.40	0.40%	\$127.62	\$0.00	\$127.62
Adjacent Commercial	347,301	0.10	34,730.10	1.66%	\$533.77	\$0.00	\$533.77
Adjacent School	0	0.10	0.00	0.00%	\$0.00	\$0.00	\$0.00
Adjacent Non-Assessed*	889,464	0.10	88,946.40	4.26%	\$1,367.03	\$0.00	\$1,367.03
<b>Subtotal</b>	<b>3,276,660</b>		<b>2,106,478.90</b>	<b>100.00%</b>	<b>\$32,103.56</b>	<b>\$30,075.14</b>	<b>\$2,028.42</b>

<sup>1</sup> Parcel Square Footage = The total square footage for each parcel location & use fronting a serviced street.

<sup>2</sup> Benefit Factor = The benefit ratio described in the paragraph above for each parcel location & use

<sup>3</sup> Benefit Units = The square feet multiplied by the benefit factor for each parcel location & use

<sup>4</sup> Benefit Percentage = The benefit units for each parcel location & use divided by the total benefit units for the District

<sup>5</sup> Benefit Value = The total Marketing & Promotions budget less General Benefit to the Public-at-Large multiplied by the benefit percentage for each parcel location & use

\*Residential

### *Administration & Advocacy*

The administration/advocacy budget item relates to the activities and improvements to be provided. These costs have been allocated proportionally based upon the special and general benefit provided by each category, as detailed in the table below.

#### **Administration & Advocacy**

<b>Service Provided</b>	<b>Special Benefit Value to Parcels</b>	<b>General Benefit Value to Parcels</b>	<b>Total Benefit to Parcels</b>
Enhanced Maintenance	\$53,790.37	\$9,069.75	\$62,860.12
Safety & Security	\$71,325.64	\$12,026.41	\$83,352.05
Marketing & Promotions	\$30,075.14	\$2,028.42	\$32,103.56
<b>TOTAL</b>	<b>\$155,191.15</b>	<b>\$23,124.58</b>	<b>\$178,315.73</b>
% of Benefit to Parcels	87.03%	12.97%	100.00%

<b>Advocacy &amp; Administration Budget</b>	<b>\$61,060.54</b>	<b>\$9,098.45</b>	<b>\$70,158.99</b>
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*Contingency/Reserve*

The contingency/reserve budget item relates to the activities and improvements to be provided. These costs have been allocated proportionally based upon the special and general benefit provided by each category, as detailed in the table below.

**Contingency/Reserve**

<b>Service Provided</b>	<b>Special Benefit Value to Parcels</b>	<b>General Benefit Value to Parcels</b>	<b>Total Benefit to Parcels</b>
Enhanced Maintenance	\$53,790.37	\$9,069.75	\$62,860.12
Safety & Security	\$71,325.64	\$12,026.41	\$83,352.05
Marketing & Promotions	\$30,075.14	\$2,028.42	\$32,103.56
Administration & Advocacy	\$61,060.54	\$9,098.45	\$70,158.99
<b>TOTAL</b>	<b>\$216,251.69</b>	<b>\$32,223.03</b>	<b>\$248,474.72</b>
% of Benefit to Parcels	87.03%	12.97%	100.00%
<b>Contingency/Reserve Budget</b>	<b>\$5,128.39</b>	<b>\$764.17</b>	<b>\$5,892.56</b>

*Total General Benefit to Parcels*

Based upon the above evaluations, the total value of the general benefit provided to non-assessed parcels adjacent to and within the District is shown below.

**TOTAL GENERAL BENEFITS TO PARCELS**

<b>Service Provided</b>	<b>General Benefit to Parcels</b>
Enhanced Maintenance	\$9,069.75
Safety & Security	\$12,026.41
Marketing & Promotions	\$2,028.42
Administration & Advocacy	\$9,098.45
Contingency / Reserve	\$764.17
<b>TOTAL</b>	<b>\$32,987.20</b>

Total General Benefit

Based upon the previous evaluations, in this Engineer's professional estimation, the total value of the general benefit provided to the public-at-large, adjacent parcels, and non-assessed parcels within the District is shown in the following table.

**TOTAL BENEFITS**

<b>Service Provided</b>	<b>General Benefit to Public</b>	<b>General Benefit to Parcels</b>	<b>Total General Benefit</b>
Enhanced Maintenance	\$1,744.32	\$9,069.75	\$10,814.07
Safety & Security	\$2,312.96	\$12,026.41	\$14,339.37
Marketing & Promotions	\$890.85	\$2,028.42	\$2,919.27
Administration & Advocacy	\$1,946.86	\$9,098.45	\$11,045.31
Contingency / Reserve	\$163.51	\$764.17	\$927.68
<b>TOTAL</b>	<b>\$7,058.50</b>	<b>\$32,987.20</b>	<b>\$40,045.70</b>

**Non-Assessment Funding**

The activities and improvements funded by the District receive additional non-assessment funding in the form of grants, corporate sponsorships, event income, and other miscellaneous funds. These funding sources are anticipated to equal or exceed the amount of general benefit conferred annually by the District's activities and improvements, \$40,045.70. These non-assessment funds will be used to pay for the general benefit provided by the District's activities and improvements, ensuring that parcel assessments will only be used to provide special benefits and "any additional costs of providing general benefits [are] not included in the amounts assessed."<sup>16</sup>

**2. Special Benefit**

The activities and improvements to be provided by the District constitute and convey special benefits directly to the assessed parcels. Assessment law requires that "the proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided."<sup>17</sup> Further, "no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."<sup>18</sup> Special benefit "includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed."<sup>19</sup>

To determine the total special benefit value to be conveyed to the assessed parcels, we deduct the general benefit value (\$40,045.70) from the total value of the activities and improvements (\$261,425.78). The remaining \$221,380.08 is considered the special benefit to assessed parcels (the "Total Assessment"). The Total Assessment represents the total value of the special benefit to be provided by the activities and improvements. The Total Assessment has been proportionally divided among the assessed parcels so that no assessment exceeds the reasonable cost of the proportional special benefit conferred on a parcel. The assessment rate has been designed to ensure that "properties that receive the same proportionate special benefit pay the same assessment."<sup>20</sup>

<sup>16</sup> Streets and Highways Code section 36632(a)

<sup>17</sup> Cal. Const., art XIII D §4(a)

<sup>18</sup> Ibid

<sup>19</sup> Streets and Highways Code section 36615.5

<sup>20</sup> *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057



Service Provided	Total Benefit Value	General Benefit Value to Public	Benefit Value to Parcels (Special & General)	Special Benefit to Assessed Parcels
Enhanced Maintenance	\$64,604.43	<b>\$1,744.32</b>	\$62,860.11	\$53,790.37
Safety & Security	\$85,665.02	<b>\$2,312.96</b>	\$83,352.06	\$71,325.64
Marketing & Promotions	\$32,994.41	<b>\$890.85</b>	\$32,103.56	\$30,075.14
Administration & Advocacy	\$72,105.85	<b>\$1,946.86</b>	\$70,158.99	\$61,060.54
Contingency/Reserve	\$6,056.07	<b>\$163.51</b>	\$5,892.56	\$5,128.39
<b>TOTAL</b>	<b>\$261,425.78</b>	<b>\$7,058.50</b>	<b>\$254,367.28</b>	<b>\$221,380.08</b>

## B. Assessment Methodology

### 1. Base Formula

Each parcel will be assessed based on proportional special benefits received. The variables used for the annual assessment formula are benefit zone, parcel type, parcel size, and building square footage. These variables are appropriate measures of the proportional special benefit because the need for services, level of services, and quantity of services are all relative to these variables; thus the special benefit provided to each parcel by the services can be proportionally measured using these variables.

#### Determination of Assessment Rates

“Because not all parcels in the district are identical in size...some will receive more special benefit than others.”<sup>21</sup> Each of the variables used relates directly to the service level and special benefit provided to each parcel. The sum of parcel and building square footage is the primary assessment variable for all activities and improvements. Parcel square footage is the size of the parcel, measured in square feet. Building square footage is the size of the building, measure in square feet. Size is an appropriate measure of proportional special benefit because it relates directly to the quantity of services provided to the parcel, the highest and best use of a parcel, and reflects the long-term value implications of the District. The larger a parcel, the more services and benefit the parcel will receive.

Because not all parcels in the District are identical in use, some will receive more special benefit than others. For example, a school parcel will benefit to a lesser degree than a commercial parcel because of the unique characteristics of school parcels. Further detail on the benefit to each parcel type is in the following pages. To determine the assessment rates, the assessed parcels were classified by the estimated benefit each type of parcel receives, the estimated special benefit value of the activities and improvements provided to each type was determined based on approximate cost of service provision, and an assessment rate that is proportional to the estimated proportional special benefit received by each parcel type was determined.

To determine the assessment rates, the estimated special benefit value for each parcel type was divided by the total assessable parcel square footage and building square footage by parcel type, as shown in the tables below.

#### *Parcel Type*

Parcel types were categorized based on the typical amount of foot and vehicle traffic on the various commercial and school parcels. Parcels with heavy traffic, such as commercial parcels, will receive the highest level of services. Parcels with unique characteristics, such as school parcels, will receive the

<sup>21</sup> *Dahms v. Downtown Pomona* (2009) 174 Cal.App.4th 708

lowest level of services. The approximate cost of services by parcel type was determined. Then, the cost of services by type was divided by the square footage and building square footage of those parcels to determine the assessment rates.

#### *Lot & Building Size*

The District's services will benefit each assessed parcel as a whole, including buildings on assessed parcels. The service budget which, in this Engineer's estimation, represents special benefits to the parcels as a whole has been allocated based on parcel size and building size.

Parcel Group	Initial Parcel Size Budget	Parcel Square Footage	Initial Parcel Assessment Rate (\$/sqft/yr)
Zone 1 Commercial	\$85,962.21 ÷	673,685 =	\$0.1276
Zone 1 School	N/A ÷	N/A =	N/A
Zone 2 Commercial	\$27,033.35 ÷	434,623 =	\$0.0622
Zone 2 School	N/A ÷	N/A =	N/A
Zone 3 Commercial	\$30,115.12 ÷	294,957 =	\$0.1021
Zone 3 School	N/A ÷	N/A =	N/A

Parcel Group	Initial Parcel Size Budget	Building Square Footage	Initial Parcel Assessment Rate (\$/sqft/yr)
Zone 1 Commercial	\$40,502.21 ÷	317,416 =	\$0.1276
Zone 1 School	\$19,829.04 ÷	155,400 =	\$0.1276
Zone 2 Commercial	\$6,815.63 ÷	109,576 =	\$0.0622
Zone 2 School	\$0.00 ÷	0 =	\$0.0622*
Zone 3 Commercial	\$11,112.26 ÷	108,935 =	\$0.1021
Zone 3 School	\$0.00 ÷	0 =	\$0.1021*

\*There are no parcels currently subject to this rate. This rate was calculated using the same proportion from Zone 1 to Zones 2 and 3 used for the Commercial rate. If any parcel in Zones 2 or 3 becomes a school parcel, it shall be subject to the Zone 2 or 3 School assessment rate.

#### Summary of Assessment Rates

Therefore, for the initial year, the maximum annual assessment rates to parcels are as shown below. If you would like more information about parcel assessments, please call Civitas at (916) 437-4300 or (800)999-7781.

Initial Assessment Rate		
Benefit Zone	Commercial	School
	Building Sq. Ft. + Parcel Sq. Ft.	Building Sq. Ft.
Zone 1	\$0.1276	\$0.1276
Zone 2	\$0.0622	\$0.0622
Zone 3	\$0.1021	\$0.1021

Sample assessment calculations are shown in Appendix 2.

#### **2. Commercial Parcels**

Commercial parcels will receive and benefit from all District services, which are aimed to attract and increase customers and visitors to assessed parcels. These parcels have a commercial component because

their owners aim to benefit from tenant rents, increased customers, or increased use by visitors. As used herein, the term commercial also includes parcels owned by public agencies, except schools as described below. The California Constitution, in Article XIII D, provides that “parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.” No public agency owning parcels in the district has made such a demonstration, therefore all public parcels will be assessed at the commercial rate.

### **3. School Parcels**

School parcels will receive and benefit to a lesser degree from all District services, which are aimed to attract and increase customers and visitors to assessed parcels. School parcels provide many services the District provides, they are fenced, they have significant amount of open space, and they are not utilized for purposes similar to a commercial parcel. Due to the unique characteristics of school parcels, they will be assessed for building square footage only, and not parcel square footage.

### **4. Non-Assessed Parcels**

There are twelve (12) parcels within the District that will not be assessed. These parcels are neither commercial, or school parcels and will not specially benefit from or directly receive the District’s activities, improvements and maintenance. These parcels are accounted for in the analysis of general benefit provided to non-assessed parcels within the District. These parcels have the following uses:

- Residential: The state legislature has determined that “properties zoned exclusively for residential use...are conclusively presumed not to benefit from the improvements and services funded through these assessments, and shall not be subject to any assessment.”<sup>22</sup> The activities and improvements to be provided are designed to specially benefit commercial and school parcels via increased commerce, occupancy, and lease rates. None of these benefits apply to residential parcels, which will not be serviced or benefit from the District’s activities. Residential parcels are those parcels with four family units or less, residential common areas, residential condos and planned unit development of single family residences. There are ten (10) residential parcels within the District that will not be assessed.
- Vacant: Vacant parcels have no commercial activity. The activities and improvements to be provided are designed to specially benefit commercial and school parcels via increased commerce, occupancy, and lease rates. None of these benefits apply to vacant parcels, which will not be serviced or benefit from the District’s activities. There are two (2) vacant parcels within the District that will not be assessed.

### **5. Changes in Data**

It is the intent of this Plan and Engineer’s Report that each parcel included in the District can be clearly identified. Every effort has been made to ensure that all parcels included in the District are consistent in the boundary map and the assessment calculation table. However, if inconsistencies arise, the order of precedence shall be: 1) the assessment calculation table and 2) the boundary map.

If the parcel size or type of a parcel changes during the term of this District, the assessment calculation may be modified accordingly.

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<sup>22</sup> Streets and Highways Code § 36632(c)

### C. Assessment Notice

During the hearing process, an Assessment Ballot will be sent to owners of each parcel in the MMPBID. The Assessment Ballot provides an estimated assessment. The final individual assessment for any particular parcel may change, up or down, if the parcel square footage, building square footage or use differ from those used to calculate the amount shown on the notice, which can be found in Appendix 2.

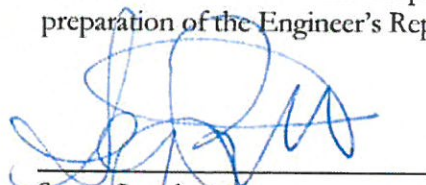
### D. Time and Manner for Collecting Assessments

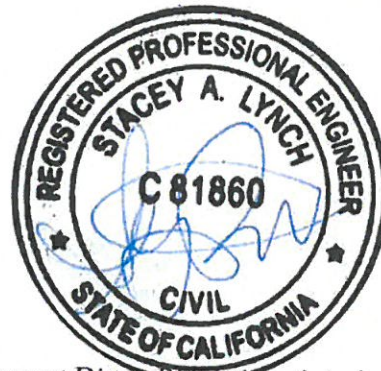
As provided by State Law, the MMPBID assessment will appear as a separate line item on annual property tax bills prepared by the County of San Joaquin. If any parcels do not receive property tax bills, those parcels will be handbilled by the City of Stockton. Property tax bills are generally distributed in the fall, and payment is expected by lump sum or installment. The County of San Joaquin and City of Stockton shall distribute funds collected to the MMID. Existing laws for enforcement and appeal of property taxes, including penalties and interest, apply to the MMPBID assessments.

### E. Engineer's Certification

I hereby certify, to the best of my knowledge and experience, that each of the identified assessed parcels located within the Miracle Mile Property and Business Improvement District will receive a special benefit over and above the general benefits conferred and that the amount of the assessment is no greater than the proportional special benefits conferred on each parcel, as described in this Engineer's Report.

Review of this Miracle Mile Property and Business Improvement District Management District Plan and preparation of the Engineer's Report was completed by:

  
 Stacey Lynch  
 State of California  
August 25, 2017  
 Date



*This Engineer's Report is intended to be distributed as part of the Management District Plan in its entirety, including the Assessment Calculation Table (Appendix 2) and the Boundary Map. Reproduction and distribution of only Section VII of this Management District Plan violates the intent of this stamp and signature.*



## APPENDIX 1 – PBID LAW

\*\*\* This document is current through the 2017 Supplement \*\*\*  
(All 2016 legislation)

STREETS AND HIGHWAYS CODE  
Division 18. Parking  
Part 7. Property and Business Improvement District Law of 1994

Cal Sts & Hy Code Div. 18, Pt. 7 (2017)

CHAPTER 1. General Provisions [36600 - 36617]

ARTICLE 1. Declarations [36600 - 36604]

### **36600. Citation of part**

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

### **36601. Legislative findings and declarations; Legislative guidance**

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
  - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
  - (2) Job creation.
  - (3) Business attraction.
  - (4) Business retention.
  - (5) Economic growth.
  - (6) New investments.
- (f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.
- (g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.
- (h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.
  - (1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

#### **36602. Purpose of part**

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

#### **36603. Preemption of authority or charter city to adopt ordinances levying assessments**

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

#### **36603.5. Part prevails over conflicting provisions**

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

#### **36604. Severability**

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

### **ARTICLE 2. Definitions [36606 - 36616]**

#### **36606. “Activities”**

“Activities” means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

#### **36606.5. “Assessment”**

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

#### **36607. “Business”**

“Business” means all types of businesses and includes financial institutions and professions.

**36608. “City”**

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

**36609. “City council”**

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

**36609.4. “Clerk”**

“Clerk” means the clerk of the legislative body.

**36609.5. “General benefit”**

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

**36610. “Improvement”**

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

**36611. “Management district plan”; “Plan”**

“Management district plan” or “plan” means a proposal as defined in Section 36622.

**36612. “Owners’ association”**

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners’ association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners’ association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to activities of the district.

**36614. “Property”**

“Property” means real property situated within a district.

**36614.5. “Property and business improvement district”; “District”**

“Property and business improvement district,” or “district,” means a property and business improvement district established pursuant to this part.

**36614.6. “Property-based assessment”**

“Property-based assessment” means any assessment made pursuant to this part upon real property.

**36614.7. "Property-based district"**

"Property-based district" means any district in which a city levies a property-based assessment.

**36615. "Property owner"; "Business owner"; "Owner"**

"Property owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. "Business owner" means any person recognized by the city as the owner of the business. "Owner" means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

**36615.5. "Special benefit"**

"Special benefit" means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

**36616. "Tenant"**

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

**ARTICLE 3. Prior Law [36617- 36617.]****36617. Alternate method of financing certain improvements and activities; Effect on other provision**

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

**CHAPTER 2. Establishment [36620 - 36630]****36620. Establishment of property and business improvement district**

A property and business improvement district may be established as provided in this chapter.

**36620.5. Requirement of consent of city council**

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

**36621. Initiation of proceeding; Petition of property or business owners in proposed district**

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

(1) A map showing the boundaries of the district.

(2) Information specifying where the complete management district plan can be obtained.

(3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:



- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
- (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

### **36622. Contents of management district plan**

The management district plan shall include, but is not limited to, all of the following:

- (a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
- (b) The name of the proposed district.
- (c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.
- (d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.
- (e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.
- (f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.
- (g) The time and manner of collecting the assessments.
- (h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.
- (i) The proposed time for implementation and completion of the management district plan.
- (j) Any proposed rules and regulations to be applicable to the district.
- (k) (1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.

(m) In a property-based district, the total amount of general benefits, if any.

(n) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(o) Any other item or matter required to be incorporated therein by the city council.

### **36623. Procedure to levy assessment**

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

### **36624. Changes to proposed assessments**

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

**36625. Resolution of formation**

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.
- (2) The number, date of adoption, and title of the resolution of intention.
- (3) The time and place where the public hearing was held concerning the establishment of the district.
- (4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.
- (5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.
- (6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.
- (7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.
- (8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

**36626. Resolution establishing district**

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in Section 36625.

**36627. Notice and assessment diagram**

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

**36628. Establishment of separate benefit zones within district; Categories of businesses**

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

**36628.5. Assessments on businesses or property owners**

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

**36629. Provisions and procedures applicable to benefit zones and business categories**

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

**36630. Expiration of district; Creation of new district**

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

**CHAPTER 3. Assessments [36631 - 36637]****36631. Time and manner of collection of assessment; Delinquent payments**

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

**36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property**

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

**36633. Time for contesting validity of assessment**

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

**36634. Service contracts authorized to establish levels of city services**

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

**36635. Request to modify management district plan**

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

**36636. Modification of plan by resolution after public hearing; Adopting of resolution of intention**

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting



a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

- (1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.
  - (2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.
- (b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

#### **36637. Reflection of modification in notices recorded and maps**

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

### **CHAPTER 3.5. Financing [36640- 36640.]**

#### **36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments**

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

### **CHAPTER 4. Governance [36650 - 36651]**

#### **36650. Report by owners' association; Approval or modification by city council**

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

- (1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.
- (2) The improvements, maintenance, and activities to be provided for that fiscal year.
- (3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.
- (4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

#### **36651. Designation of owners' association to provide improvements, maintenance, and activities**

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

### **CHAPTER 5. Renewal [36660- 36660.]**

#### **36660. Renewal of district; Transfer or refund of remaining revenues; District term limit**

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

### **CHAPTER 6. Disestablishment [36670 - 36671]**

#### **36670. Circumstances permitting disestablishment of district; Procedure**

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

**36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district**

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.



## APPENDIX 2 – PARCEL ASSESSMENT CALCULATIONS

MAP KEY	APN	LOT SIZE	BUILT SQFT	RATE	ASSESSMENT	TYPE/ZONE
1	11329001	64500	22900	0.0622	\$5,436.28	COM2
2	11329002	148975	0	0.0622	\$9,266.25	COM2
3	11330006	7600	0	0	\$0.00	NA2
4	11330007	7500	1974	0	\$0.00	NA2
5	11330008	5800	3851	0	\$0.00	NA2
6	11331017	5300	1460	0	\$0.00	NA2
7	11331018	7400	2382	0	\$0.00	NA2
8	11332005	4600	1495	0	\$0.00	NA2
9	11332006	4800	1500	0.0622	\$391.86	COM2
10	11332007	11244	6500	0.0622	\$1,103.68	COM2
11	11332012	13155	2409	0.0622	\$968.08	COM2
12	11333004	13506	6156	0.0622	\$1,222.98	COM2
13	11334034	8600	3500	0.0622	\$752.62	COM2
14	11334035	12688	3570	0.1276	\$2,074.52	COM1
15	11334036	2100	0	0.1276	\$267.96	COM1
16	11334037	6495	3200	0.0622	\$603.03	COM2
17	11334038	16300	2480	0.1276	\$2,396.33	COM1
18	11334039	7800	1600	0.0622	\$584.68	COM2
19	11335407	5416	4982	0.1276	\$1,326.78	COM1
20	11335408	5000	4794	0.1276	\$1,249.71	COM1
21	11335409	5000	4888	0.1276	\$1,261.71	COM1
22	11335410	5000	3948	0.1276	\$1,141.76	COM1
23	11335411	4900	5980	0.1276	\$1,388.29	COM1
24	11335412	4700	0	0.1276	\$599.72	COM1
25	11335415	10890	0	0.1276	\$1,389.56	COM1
26	11335416	5700	0	0.1276	\$727.32	COM1
27	11335418	10000	5300	0.1276	\$1,952.28	COM1
28	11335421	5662	5284	0.1276	\$1,396.71	COM1
29	11335423	5363	5254	0.1276	\$1,354.73	COM1
30	11335424	4054	2926	0.1276	\$890.65	COM1
31	11335425	2152	2006	0.1276	\$530.56	COM1
32	11336303	5500	7000	0.1276	\$1,595.00	COM1
33	11336304	5544	5000	0.1276	\$1,345.41	COM1
34	11336305	6534	5200	0.1276	\$1,497.26	COM1
35	11336306	5400	0	0.1276	\$689.04	COM1
36	11336307	5400	1300	0.1276	\$854.92	COM1
37	11336308	5653	3300	0.1276	\$1,142.40	COM1
38	11336309	6300	2590	0.1276	\$1,134.36	COM1



39	11336310	4615	0	0.1276	\$588.87	COM1
40	11336316	6111	0	0.1276	\$779.76	COM1
41	11336401	11000	8900	0.1276	\$2,539.24	COM1
42	11336404	3400	3816	0.1276	\$920.76	COM1
43	11336405	7000	5300	0.1276	\$1,569.48	COM1
44	11336406	3484	0	0.1276	\$444.56	COM1
45	11336407	4356	0	0.1276	\$555.83	COM1
46	11336408	14500	9100	0.1276	\$3,011.36	COM1
47	11338001	2820	3700	0.1276	\$831.95	COM1
48	11338002	7949	0	0	\$0.00	NA2
49	11338003	3011	4056	0.1276	\$901.75	COM1
50	12502001	6388	2100	0.0622	\$527.95	COM2
51	12502002	10720	11070	0.0622	\$1,355.34	COM2
52	12502003	8200	8200	0.0622	\$1,020.08	COM2
53	12503001	7875	1800	0.0622	\$601.79	COM2
54	12503002	6300	2000	0.0622	\$516.26	COM2
55	12503003	6300	1860	0.0622	\$507.55	COM2
56	12503004	6300	1500	0.0622	\$485.16	COM2
57	12503005	6300	1500	0.0622	\$485.16	COM2
58	12503006	6300	1850	0	\$0.00	NA2
59	12503007	6300	1700	0.0622	\$497.60	COM2
60	12503037	2420	0	0.0622	\$150.52	COM2
61	12503039	2500	0	0.0622	\$155.50	COM2
62	12503040	7921	2508	0.0622	\$648.68	COM2
63	12503041	10894	4712	0.0622	\$970.69	COM2
64	12504001	6616	2600	0.0622	\$573.24	COM2
65	12504002	13440	6274	0.0622	\$1,226.21	COM2
66	12504003	20160	1200	0.0622	\$1,328.59	COM2
67	12504004	15750	5472	0.0622	\$1,320.01	COM2
68	12504005	11164	7315	0.0622	\$1,149.39	COM2
69	12505010	13933	4371	0.1276	\$2,335.59	COM1
70	12505016	15080	7416	0.1276	\$2,870.49	COM1
71	12505017	24108	3450	0.1276	\$3,516.40	COM1
72	12506001	5826	0	0.1276	\$743.40	COM1
73	12506003	3978	4292	0.1276	\$1,055.25	COM1
74	12506004	3930	1595	0.1276	\$704.99	COM1
75	12506005	4940	2924	0.1276	\$1,003.45	COM1
76	12506006	4972	1890	0.1276	\$875.59	COM1
77	12506007	4850	3717	0.1276	\$1,093.15	COM1
78	12506008	10018	0	0.1276	\$1,278.30	COM1
79	12506009	10000	7500	0.1276	\$2,233.00	COM1



80	12506010	5562	2850	0.1276	\$1,073.37	COM1
81	12506011	4882	5215	0.1276	\$1,288.38	COM1
82	12507011	13008	13090	0.1276	\$3,330.10	COM1
83	12507012	11325	0	0.1276	\$1,445.07	COM1
84	12507025	8966	8740	0.1276	\$2,259.29	COM1
85	12507026	7204	600	0.1276	\$995.79	COM1
86	12507027	7000	0	0.1276	\$893.20	COM1
87	12507038	8753	6630	0.1276	\$1,962.87	COM1
88	12507039	5687	10710	0.1276	\$2,092.26	COM1
89	12702001	9300	11900	0.1276	\$2,705.12	COM1
90	12702002	4424	4620	0.1276	\$1,154.01	COM1
91	12702005	11325	0	0.1276	\$1,445.07	COM1
92	12702021	5711	0	0.1276	\$728.72	COM1
93	12702023	5071	4680	0.1276	\$1,244.23	COM1
94	12702024	6030	5200	0.1276	\$1,432.95	COM1
95	12702025	10247	13800	0.1276	\$3,068.40	COM1
96	12702026	8332	0	0.1276	\$1,063.16	COM1
97	12704101	5289	1820	0.1276	\$907.11	COM1
98	12704102	3172	0	0.1276	\$404.75	COM1
99	12704103	3223	0	0.1276	\$411.25	COM1
100	12704204	10018	0	0.1276	\$1,278.30	COM1
101	12704217	20815	4226	0.1276	\$3,195.23	COM1
102	12704218	10000	9000	0.1276	\$2,424.40	COM1
103	12705001	10652	14850	0.1276	\$3,254.06	COM1
104	12705002	1784	0	0.1276	\$227.64	COM1
105	12705003	5011	0	0.1276	\$639.40	COM1
106	12705004	4791	0	0.1276	\$611.33	COM1
107	12705034	5000	0	0.1276	\$638.00	COM1
108	12705035	5000	0	0.1276	\$638.00	COM1
109	12705036	5000	0	0.1276	\$638.00	COM1
110	12705037	9886	6900	0.1276	\$2,141.89	COM1
111	12706001	4598	2000	0.1276	\$841.90	COM1
112	12706002	5000	2800	0.1276	\$995.28	COM1
113	12706003	10018	0	0.1276	\$1,278.30	COM1
114	12706034	5000	0	0.1276	\$638.00	COM1
115	12706035	5485	1000	0.1276	\$827.49	COM1
116	12707001	13160	4100	0.1276	\$2,202.38	COM1
117	12707025	13777	2300	0.1021	\$1,641.46	COM3
118	12707026	49473	17700	0.1021	\$6,858.36	COM3
119	12707027	7392	6440	0.1021	\$1,412.25	COM3
120	12707028	3750	0	0	\$0.00	NA3



121	12707031	14180	11700	0.1021	\$2,642.35	COM3
122	12707032	5672	5200	0.1021	\$1,110.03	COM3
123	12707033	7090	3500	0.1021	\$1,081.24	COM3
124	12707034	19850	2200	0.1276	\$2,813.58	COM1
125	12707035	7863	4400	0.1021	\$1,252.05	COM3
126	12707037	28910	2095	0.1021	\$3,165.61	COM3
127	13702020	5000	0	0.1276	\$638.00	COM1
128	13702021	9900	3956	0.1276	\$1,768.03	COM1
129	13702022	10018	0	0.1276	\$1,278.30	COM1
130	13702023	5000	4000	0.1276	\$1,148.40	COM1
131	13702031	11000	0	0.1276	\$1,403.60	COM1
132	13702042	30000	24700	0.1276	\$6,979.72	COM1
133	13706001	0	9700	0.1276	\$1,237.72	SCHOOL1
134	13706002	0	145700	0.1276	\$18,591.32	SCHOOL1
135	13707004	10000	2200	0.1021	\$1,245.62	COM3
136	13707016	5000	10000	0.1021	\$1,531.50	COM3
137	13707017	4840	0	0	\$0.00	NA3
138	13707019	22500	4600	0.1021	\$2,766.91	COM3
139	13707051	5000	0	0.1021	\$510.50	COM3
140	13707052	5000	0	0.1021	\$510.50	COM3
141	13707053	5000	0	0.1021	\$510.50	COM3
142	13707055	6550	1450	0.1021	\$816.80	COM3
143	13708001	14000	0	0	\$0.00	NA3
144	13708002	8000	2500	0	\$0.00	NA3
145	13708003	8000	2800	0.1021	\$1,102.68	COM3
146	13708014	7500	1000	0.1021	\$867.85	COM3
147	13708015	7500	5250	0.1021	\$1,301.78	COM3
148	13708016	3600	1400	0.1021	\$510.50	COM3
149	13708017	2200	1300	0.1021	\$357.35	COM3
150	13708054	625	800	0.1021	\$145.49	COM3
151	13708055	625	0	0.1021	\$63.81	COM3
152	13708056	4500	6300	0.1021	\$1,102.68	COM3
153	13708057	4500	0	0.1021	\$459.45	COM3
154	13709501	7500	2100	0.1021	\$980.16	COM3
155	13709503	5000	2100	0.1021	\$724.91	COM3
156	13709504	5000	2100	0.1021	\$724.91	COM3
157	13902001	22500	1500	0.1021	\$2,450.40	COM3
158	13902007	22500	10700	0.1021	\$3,389.72	COM3
<b>Total</b>					<b>\$221,380.08</b>	
COM = Commercial						
SCHOOL = School						

NA = Non Assessed
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### APPENDIX 3 – SERVICES BY ZONE

Zone	Enhanced Maintenance	Safety & Security	Marketing & Promotions	Administration & Advocacy	Contingency / Reserve
1	<ul style="list-style-type: none"> <li>• 6x/year power washing</li> <li>• 5x/week year round trash removal</li> <li>• 5x/week graffiti removal as needed</li> <li>• SUSL litter removal and weeding workability program per SUSL school calendar</li> <li>• 3x/week watering</li> <li>• Planting when budget allows</li> <li>• Year round street furnishings replacement/improvement</li> </ul>	<ul style="list-style-type: none"> <li>• 6 days/week security patrol</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in Merchants Committee</li> <li>• Event participation</li> <li>• Generic District-wide advertising</li> <li>• Businesses listed in online directory</li> <li>• Merchant events listed online</li> </ul>	Administrative costs related to providing activities and improvements. Advocate with a unified voice to represent best interests of assessed properties.	Funds held in contingency / reserve to be used as determined by the Board.
2	<ul style="list-style-type: none"> <li>• 1x/year power washing</li> <li>• 1x/week trash removal</li> <li>• 5x/week graffiti removal as needed</li> <li>• SUSL litter removal and weeding workability program per SUSL school calendar</li> <li>• 1x/week watering</li> <li>• Planting when budget allows</li> <li>• Year round street furnishings replacement/improvement</li> </ul>	<ul style="list-style-type: none"> <li>• 6 days/week security patrol</li> </ul>	<ul style="list-style-type: none"> <li>• Generic District-wide advertising</li> <li>• Businesses listed in online directory</li> <li>• Merchant events listed online</li> </ul>	Administrative costs related to providing activities and improvements. Advocate with a unified voice to represent best interests of assessed properties.	Funds held in contingency / reserve to be used as determined by the Board.
3	<ul style="list-style-type: none"> <li>• 4x/year power washing</li> <li>• 5x/week trash removal</li> <li>• 5x/week graffiti removal as needed</li> <li>• SUSL litter removal and weeding workability program per SUSL school calendar</li> <li>• 3x/week watering</li> <li>• Planting when budget allows</li> <li>• Year round street furnishings replacement/improvement</li> </ul>	<ul style="list-style-type: none"> <li>• 6 days/week security patrol</li> </ul>	<ul style="list-style-type: none"> <li>• Generic District-wide advertising</li> <li>• Businesses listed in online directory</li> <li>• Merchant events listed online</li> <li>• </li> </ul>	Administrative costs related to providing activities and improvements. Advocate with a unified voice to represent best interests of assessed properties.	Funds held in contingency / reserve to be used as determined by the Board.

## APPENDIX 4 – BASELINE SERVICES AGREEMENT

### BASELINE SERVICES AGREEMENT

#### BASELINE SERVICES AGREEMENT FOR MMID ZONES, 1-3

The purpose of this letter is to notify you that the staff of the City of Stockton intends to recommend to the City Council that the City provide a level of public services to the properties included in the MMPBID that is consistent with the City's ability to maintain the infrastructure in good working order. Please be informed that any unforeseen event or activity that may adversely affect the City's budget, may also correspondingly affect the City's ability to maintain the current expected baseline levels of public services on a citywide basis. Therefore, City staff intends to recommend that the City maintain the following list of baseline public services, subject to funding and staffing availability for the district defined area, including Zone 1, Zone 2, and Zone 3.

ALL CAPITAL IMPROVEMENTS TO THE BASELINE ARE THE RESPONSIBILITY OF THE CITY. IMPROVEMENTS THAT ARE AN UPGRADE WILL BE THE RESPONSIBILITY OF THE MMPBID.

#### Services: Commitment: Landscaping

The Public Works Department (Park Maintenance) will regularly maintain planter areas in public parking lots as shown on the MMID District Map. Basically, bring all public planters/landscaping (pipes, valves, meters, etc.) up to standard and provide maintenance. As an alternative, contract with the PBID to provide landscape services.

#### General Maintenance: Streets, Sidewalks, Gutters, Alleys, and Parking Lots

The Public Works Department will continue to provide street and gutter sweeping (bi-weekly), graffiti removal, large dumped items removal, and other general maintenance on the public right of way. Public Roads: The Public Works Department will continue to maintain, resurface, slurry seal, and patch roadways and public parking lots, as needed. A prioritized list of repairs/replacements to the driveways, alleyways, parking lots and raised planters will be submitted to the City. Street Sweeping: The Public Works Department will continue to provide street sweeping on a consistent level with the remainder of the City (once every two weeks), including side streets and up the block. Parking Lots & Lighting: The Public Works Department will continue to provide funding for parking lot sweeping.

All aesthetic veneers will be installed and/or maintained by the PBID. Traffic Control: The Public Works Department will continue to replace street lights, stripe or re-stripe streets and crosswalks, and deliver maintenance services as needed.

#### Police Services:

The Police Department will continue to provide public safety services within the PBID at service levels in MMID Zones 1, 2, and 3, that are consistent citywide.

## APPENDIX 5 – MAP

